



HAYASHI | WAYLAND

June 1st, 2020

To Our Valued Clients and Friends:

We strive to keep you informed weekly of the ever-changing financial and economic impact of the COVID-19 crisis. This week brings more news about further changes and clarifications in the Paycheck Protection Program (PPP); more guidance about the Coronavirus Food Assistance Program and a reminder that the income tax filing deadline of July 15, 2020 is quickly approaching. Here is the latest:

Paycheck Protection Program Flexibility Act

With companies and employees still suffering across the country as a result of the coronavirus pandemic, the U.S. House of Representatives passed a new bill meant to address some of the biggest complaints about the federal loan program. The bill, which passed the House almost unanimously, will head to the Senate next week where members of both parties have indicated that they want to move swiftly to make the PPP less restrictive.

Here's a breakdown of the changes included:

- **Spending requirements:** Only 60% of the loan funds would need to be spent on payroll, compared to the current restriction of 75%.
- **Loan forgiveness covered period:** This would extend the time borrowers have to spend the funds to 24 weeks, up from eight weeks.
- **Deadline to rehire workers:** This would be pushed back to a yet-to-be-determined date. It's currently June 30th.
- **Other perks:** PPP forgiveness recipients would now be allowed to defer payroll taxes.

Restrictions on the PPP loans have been a significant point of contention for many small business owners; particularly those with physical storefronts who felt it made no sense to maintain payroll if their businesses weren't allowed to operate. To complicate matters, guidance from the Small Business Administration continually changed, leaving some business owners worried that they could be subject to criminal charges if they received or spent the loan proceeds incorrectly.

This new legislation could make things a bit easier on borrowers, although many complexities will surely remain.

Small Business Administration (SBA) issues final interim rules providing PPP guidance

On May 15, 2020, the Small Business Administration (SBA) and Department of the Treasury released the much-anticipated Paycheck Protection Program (PPP) loan forgiveness application. Shortly



thereafter, on May 22, 2020, the [interim final rule](#) regarding the process for applying for and obtaining loan forgiveness was also released. The interim final rule clarified several of the forgiveness issues many borrowers were struggling with. We recommend reading [this article](#) by Forbes for a full summary of the interim final rule.

New and updated guidance has been frequently released by the Treasury and SBA, sometimes multiple times each week. The [interim final rules and other guidance](#) include a [Frequently Asked Questions](#) document that has been updated multiple times since it was initially issued in early April.

You can find the latest information at our [COVID-19 Update Center](#).

Paycheck Protection Program Funding Still Available

There was a mad dash for the first round of PPP money, which saw \$349 billion of loans awarded in only 13 days. This second round, \$310 billion, is going much more slowly and more than \$140 billion remains unclaimed one month later.

For those business owners who have been hesitant to apply originally, you may want to reconsider and put in an application. This is especially true now that the economic uncertainty safe-harbor has been established, the loan forgiveness application and guidance has been released, and the Paycheck Protection Program Flexibility Act headed into the senate includes an extension of time to use PPP funds. A business that originally saw no need for funding because they wouldn't be able to spend it on payroll while closed, may now want to apply to help fund their recovery as they get back to work.

Coronavirus Food Assistance Program

The USDA is currently accepting applications from farmers and ranchers for access to the \$19 billion in aid under the Coronavirus Food Assistance Program (CFAP). The USDA has published additional guidance this week on who is eligible and how the program will award funds, [click here](#) to view the CFAP page.

CFAP will provide financial assistance to producers of agricultural commodities who have suffered a five-percent-or-greater price decline or have sustained losses due to market supply chain disruptions due to COVID-19. This program may apply to producers who saw a price decline, had produce shipped that later spoiled, or had mature crops that were never harvested.

To learn more about CFAP, download the [final rule](#), [notice of funding availability](#), and [cost-benefit analysis](#).

Extended Tax Return Filing and Payment Deadline

The extended payment and filing deadline of July 15, 2020 is quickly approaching. If you would like us to file your tax return before this deadline, please provide your information as soon as possible. If you would like a further extension, or are unable to provide your information to us, we can file for an



automatic extension of time to file. An extension of time to file does not extend the due date for payments.

Many tax payment due dates were also extended to July 15, 2020. For individuals that includes taxes due for the 2019 tax year and the 2020 first and second quarter estimated tax payments. Potentially that means large payments will need to be made on July 15, 2020. Please contact one of our team members if you need assistance in determining what amounts will be due in July to begin planning for those payments.

Closing

We anticipate you may have questions and need assistance with, or want to talk about, upcoming financial decisions. Please do not hesitate to contact the HW partner or team member you work with for assistance or with any questions you may have. We are here to help and are committed to serving you as best we can in these challenging times. On behalf of everyone here at Hayashi Wayland, I wish you health and peace of mind as we face this crisis together.

Sincerely,

A handwritten signature in cursive script that reads "Michael T. Briley".

Michael Briley, CPA, CGMA
Managing Partner



